

0968 California Tax Credit Allocation Committee

The mission of the California Tax Credit Allocation Committee (CTCAC) is to fairly allocate federal and state tax credits to create and maintain safe quality affordable rental housing for low-income households in California by forming partnerships with developers, investors and public entities.

CTCAC works in public/private partnerships to assist with project development, while fulfilling its responsibilities as a credit agency through project compliance monitoring. CTCAC coordinates its functions with state and local housing fund providers and with private fund investors, when providing and maintaining quality, affordable housing.

The CTCAC consists of seven members, including the Treasurer who is designated as chairman, the Governor or Director of Finance, the State Controller, the Director of the Department of Housing and Community Development, the Executive Director of the California Housing Finance Agency, and two local government representatives.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
10 California Tax Credit Allocation Committee	25.8	30.0	34.0	\$3,835	\$4,565	\$4,725
20 Community Revitalization Program	-	1.0	0.5	-	85	49
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	25.8	31.0	34.5	\$3,835	\$4,650	\$4,774
FUNDING				2007-08*	2008-09*	2009-10*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account				\$1,916	\$2,509	\$2,665
0457 Tax Credit Allocation Fee Account				1,880	1,996	2,000
0995 Reimbursements				39	60	60
3038 Community Revitalization Fee Fund				-	85	49
TOTALS, EXPENDITURES, ALL FUNDS				\$3,835	\$4,650	\$4,774

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Internal Revenue Code Section 42; California Health and Safety Code Sections 50199.4 through 50199.22; California Revenue and Taxation Code Sections 12205.5, 12206, 17057.5, 17058, 23610.4, and 23610.5; Federal Tax Reform Act of 1986, Section 252 of Public Law No. 99-514 (October 22, 1986); Chapter 658, California Statutes of 1987, as amended; Chapter 1138, California Statutes of 1987, as amended; California Health and Safety Code Section 50199.51; California Revenue and Taxation Code Sections 17053.14, 23608.2, and 23608.3; California Health and Safety Code Section 50199.70; Internal Revenue Code, Title 26, Subtitle A, Chapter 1, Subchapter X, Section 1400E et seq., as amended.

DETAILED BUDGET ADJUSTMENTS

	2008-09*			2009-10*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Workload Budget Change Proposals						
• TCAC Compliance Monitoring Staff and Compliance Monitoring Service Contract Augmentations	\$-	\$-	-	\$-	\$360	2.0
Totals, Workload Budget Change Proposals	\$-	\$-	-	\$-	\$360	2.0
Other Workload Budget Adjustments						
• Employee Compensation Adjustments	\$-	\$5	-	\$-	\$9	-
• Retirement Rate Adjustment	-	-1	-	-	-1	-
• Limited Term Positions/Expiring Programs	-	-	-	-	-40	-0.5
• One Time Cost Reductions	-	-	-	-	-469	-
• Full Year Cost of New/Expanded Programs	-	-	-	-	202	-
• Miscellaneous Adjustments	-	-	-	-	67	-
Totals, Other Workload Budget Adjustments	\$-	\$4	-	\$-	-\$232	-0.5
Totals, Workload Budget Adjustments	\$-	\$4	-	\$-	\$128	1.5
Totals, Budget Adjustments	\$-	\$4	-	\$-	\$128	1.5

* Dollars in thousands

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PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 - CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

The Federal Low Income Housing Tax Credit Program:

Congress authorized the federal program in 1986. It replaced traditional housing tax incentives, such as accelerated depreciation, with a tax credit that enables developers of affordable rental housing to raise project equity through the "sale" of tax benefits to investors.

Each state has an annual housing credit ceiling of \$2.20 per state resident, and may qualify for a share of credits available annually in a national pool comprised of states' unused credits. The annual housing credit ceiling is indexed for inflation. Investors can take the annual credit each year for a ten-year period.

The State Low Income Housing Tax Credit Program:

Recognizing the high cost of developing housing in California, the California Legislature authorized the State Low Income Housing Tax Credit Program to augment the federal tax credit program.

The annual state credit ceiling is currently \$80 million, indexed for inflation (in addition to any unused or returned credits from previous years). Investors take the state credit over a four-year period in contrast to the ten-year federal allocation period. The full four-year state credit allocated to a project is deducted from the annual state credit ceiling, while only the annual federal credit allocated to a project is deducted from the federal ceiling.

Tax-Exempt Bond Financed Program:

Developments that are financed with the proceeds of tax-exempt bonds may also receive federal tax credit. In this instance, the developer/owner of a tax-exempt development must apply to the Committee and must conform to the federal and state statutory and regulatory requirements, but there is no annual "cap" on the amount of credit that may be awarded by the state to such developments. The credit available is based on approximately four percent (instead of the nine percent for projects that are not financed by a federal subsidy) of the "qualified basis" of the development, that is, the costs attributable to the units that will be income and rent restricted for a minimum of 30 years.

Under federal law, credit projects must remain affordable for at least 15 years; however, California's program generally requires maintaining affordability for 55 years. Land use agreements are recorded against each credit project to ensure compliance.

Farmworker Housing Tax Credit Program:

In 1996, the California Tax Credit Allocation Committee (CTCAC) received authorization from the California Legislature to administer an additional tax credit program to assist farmworkers, known as the Farmworker Housing Tax Credit Program. Annually, up to \$500,000 of state tax credits is available for the construction of farmworker housing.

20 - COMMERCIAL REVITALIZATION DEDUCTION PROGRAM

In 2002, CTCAC received authorization to administer the Commercial Revitalization Deduction Program, a federal program designed to stimulate job growth and economic development in designated Renewal Communities nationwide. California currently has five Renewal Communities, which are portions of the Cities of San Francisco, Los Angeles, and San Diego, as well as the rural communities of Orange Cove and Parlier. CTCAC can allocate up to \$12 million in federal tax deductions to qualifying businesses in each of the Renewal Communities. These deductions are available to qualified businesses that acquire and renovate property, rehabilitate existing structures, or build property for commercial use.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		<u>2007-08*</u>	<u>2008-09*</u>	<u>2009-10*</u>
PROGRAM REQUIREMENTS				
10	CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE			
	State Operations:			
0448	Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account	\$1,916	\$2,509	\$2,665
0457	Tax Credit Allocation Fee Account	1,648	1,860	1,864
0995	Reimbursements	39	60	60
	Totals, State Operations	\$3,603	\$4,429	\$4,589
	Local Assistance:			
0457	Tax Credit Allocation Fee Account	\$232	\$136	\$136
	Totals, Local Assistance	\$232	\$136	\$136
PROGRAM REQUIREMENTS				
20	COMMUNITY REVITALIZATION PROGRAM			

* Dollars in thousands

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	2007-08*	2008-09*	2009-10*
State Operations:			
3038 Community Revitalization Fee Fund	\$-	\$85	\$49
Totals, State Operations	\$-	\$85	\$49
TOTALS, EXPENDITURES			
State Operations	3,603	4,514	4,638
Local Assistance	232	136	136
Totals, Expenditures	\$3,835	\$4,650	\$4,774

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2007-08	2008-09	2009-10	2007-08*	2008-09*	2009-10*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	25.8	33.0	32.5	\$1,472	\$1,818	\$1,850
Total Adjustments	-	-	3.0	-	-	184
Estimated Salary Savings	-	-2.0	-1.0	-	-102	-58
Net Totals, Salaries and Wages	25.8	31.0	34.5	\$1,472	\$1,716	\$1,976
Staff Benefits	-	-	-	505	581	620
Totals, Personal Services	25.8	31.0	34.5	\$1,977	\$2,297	\$2,596
OPERATING EXPENSES AND EQUIPMENT				\$1,626	\$2,211	\$2,036
SPECIAL ITEMS OF EXPENSE				\$-	\$6	\$6
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$3,603	\$4,514	\$4,638
2 Local Assistance						
				2007-08*	2008-09*	2009-10*
Grants and Subventions				\$232	\$136	\$136
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)				\$232	\$136	\$136

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,064	\$2,507	\$2,665
Allocation for employee compensation	30	2	-
Adjustment per Section 3.60	-2	-	-
011 Budget Act appropriation (Loan to the General Fund)	-	(10,000)	-
Totals Available	\$2,092	\$2,509	\$2,665
Unexpended balance, estimated savings	-176	-	-
TOTALS, EXPENDITURES	\$1,916	\$2,509	\$2,665
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
001 Budget Act appropriation	\$1,774	\$1,852	\$1,858
Allocation for employee compensation	41	3	-
Adjustment per Section 3.60	-3	-1	-
011 Budget Act appropriation (Loan to the General Fund)	-	(10,000)	-
Health and Safety Code Section 50199.9(b)	-	6	6
Totals Available	\$1,812	\$1,860	\$1,864
Unexpended balance, estimated savings	-164	-	-

* Dollars in thousands

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1 STATE OPERATIONS	2007-08*	2008-09*	2009-10*
TOTALS, EXPENDITURES	\$1,648	\$1,860	\$1,864
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$39	\$60	\$60
3038 Community Revitalization Fee Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$82	\$85	\$49
Allocation for employee compensation	<u>2</u>	<u>-</u>	<u>-</u>
Totals Available	\$84	\$85	\$49
Unexpended balance, estimated savings	<u>-84</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$-	\$85	\$49
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$3,603	\$4,514	\$4,638
2 LOCAL ASSISTANCE	2007-08*	2008-09*	2009-10*
0457 Tax Credit Allocation Fee Account			
APPROPRIATIONS			
Health and Safety Code Section 50199.9(b)	<u>\$232</u>	<u>\$136</u>	<u>\$136</u>
TOTALS, EXPENDITURES	\$232	\$136	\$136
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$232	\$136	\$136
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$3,835	\$4,650	\$4,774

FUND CONDITION STATEMENTS

	2007-08*	2008-09*	2009-10*
0448 Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account ^s			
BEGINNING BALANCE	\$54,243	\$60,628	\$55,146
Prior year adjustments	<u>718</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$54,961	\$60,628	\$55,146
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	6,546	6,000	6,000
150300 Income From Surplus Money Investments	1,028	1,028	1,028
161400 Miscellaneous Revenue	10	-	-
Transfers and Other Adjustments:			
TO0001 To General Fund loan per Item 0968-011-0448, Budget Act of 2008	<u>-</u>	<u>-10,000</u>	<u>-</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$7,584</u>	<u>-\$2,972</u>	<u>\$7,028</u>
Total Resources	\$62,545	\$57,656	\$62,174
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	1	1	-
0968 California Tax Credit Allocation Committee (State Operations)	<u>1,916</u>	<u>2,509</u>	<u>2,665</u>
Total Expenditures and Expenditure Adjustments	<u>\$1,917</u>	<u>\$2,510</u>	<u>\$2,665</u>
FUND BALANCE	\$60,628	\$55,146	\$59,509
Reserve for economic uncertainties	60,628	55,146	59,509
0457 Tax Credit Allocation Fee Account ^s			
BEGINNING BALANCE	\$41,726	\$45,222	\$38,825
Prior year adjustments	<u>-172</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$41,554	\$45,222	\$38,825
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			

* Dollars in thousands

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	2007-08*	2008-09*	2009-10*
125600 Other Regulatory Fees	4,504	4,500	4,500
150300 Income From Surplus Money Investments	1,042	1,100	1,100
161000 Escheat of Unclaimed Checks & Warrants	3	-	-
Transfers and Other Adjustments:			
TO0001 To General Fund loan per Item 0968-011-0457, Budget Act of 2008	-	-10,000	-
Total Revenues, Transfers, and Other Adjustments	<u>\$5,549</u>	<u>-\$4,400</u>	<u>\$5,600</u>
Total Resources	\$47,103	\$40,822	\$44,425
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	1	1	-
0968 California Tax Credit Allocation Committee			
State Operations	1,648	1,860	1,864
Local Assistance	<u>232</u>	<u>136</u>	<u>136</u>
Total Expenditures and Expenditure Adjustments	<u>\$1,881</u>	<u>\$1,997</u>	<u>\$2,000</u>
FUND BALANCE	\$45,222	\$38,825	\$42,425
Reserve for economic uncertainties	45,222	38,825	42,425
 3038 Community Revitalization Fee Fund ^s			
BEGINNING BALANCE	\$43	\$45	\$29
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125600 Other Regulatory Fees	-	67	67
150300 Income From Surplus Money Investments	<u>2</u>	<u>2</u>	<u>2</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$2</u>	<u>\$69</u>	<u>\$69</u>
Total Resources	\$45	\$114	\$98
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0968 California Tax Credit Allocation Committee (State Operations)	<u>-</u>	<u>85</u>	<u>49</u>
Total Expenditures and Expenditure Adjustments	<u>-</u>	<u>\$85</u>	<u>\$49</u>
FUND BALANCE	\$45	\$29	\$49
Reserve for economic uncertainties	45	29	49

* Dollars in thousands